

Risk Management Committee Memorandum

Name	Charter Changes and Composition
Memo type	For resolution
Sponsor	Kerry Gleeson
Accountable Person	Dennis Wilkins – Joint Company Secretary
Date	18 November 2022

DRAFT RESOLUTION / MINUTE

The Committee paper titled “Charter Changes and Composition” was tabled. After a discussion **IT WAS RESOLVED** to approve the minor changes to the Risk Management Committee Charter and recommend to the Board to formally adopt the amended Charter. **IT WAS ALSO RESOLVED** to appoint Rowena Smith, Chief Executive Officer, as a member of the Risk Committee.

EXECUTIVE SUMMARY

Minor amendments are proposed to the Risk Management Committee Charter to:

- Clarify the meeting cycle
- Amend the membership composition and
- Specify the Committee’s oversight of disclosure of the Company’s material business risks in the Annual Report.

BACKGROUND

The proposed changes to the Charter are:

- Change the meeting cycle from ‘quarterly’ to ‘at least three times per year’ with further meetings on an as required basis; and
- Include specific oversight for material business risk disclosure

The Charter requires Committee to have five members. Following the resignation of Dave Woodall the Committee is now all four board member with Ms Kerry Gleeson as Chair. It is proposed to appoint Ms Rowena Smith, CEO, as the fifth member of the Risk Committee.

APPENDICES

Appendix A	Proposed Risk Management Committee Charter.
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Risk Management Committee Charter

Australian Strategic Materials Ltd ACN 168 368 401 (Company)

1. Composition

The Risk Management Committee shall be structured so that it has at least five members, including the Managing Director / Chief Executive Officer and at least one independent non-executive director, and be chaired by an independent director.

From time to time, non-Risk Management Committee members may be invited to attend meetings of the Risk Management Committee, if it is considered appropriate.

2. Role

The Risk Management Committee is established to oversee the Company's risk management framework.

The role of the Risk Management Committee is to review and make recommendations to the Board in relation to:

- a. the adequacy of the Company's processes for managing risk;
- b. the policies and procedure that have been established and implemented to identify, assess, monitor and manage material business risks;
- c. any incident involving fraud or other break down of the Company's internal controls;
- d. the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business; and
- e. perform such other functions as assigned by law, the Company's Constitution or the Board.

The Risk Management Committee is also responsible for managing the process of identification and assessment of any material risks that may impact the Company and ensuring that a regular program of audit is undertaken to test the adequacy of, and compliance with, prescribed policies and procedures.

3. Operations

The Risk Management Committee meets at least at least three times per year, with further meetings on an as required basis. Minutes of all meetings of the Risk Management Committee are to be kept, and a report of actions taken or recommended is to be given at each subsequent meeting of the full Board. Risk Management Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

4. Responsibilities

Annual responsibilities of the Risk Management Committee are as set out in the Risk Management Committee Charter – annual action points (attached).

5. Authority and resources

The Company is to provide the Risk Management Committee with sufficient resources to undertake its duties.

The Risk Management Committee has rights of access to management. The Risk Management Committee has the power to conduct or authorise investigations into any matters within the Risk Management Committee's scope of responsibilities. The Risk Management Committee has the authority, as it deems necessary or appropriate, to obtain independent expert advice on any matter they believe appropriate, with the approval of the Board.

6. Reporting to the Board

The Risk Management Committee is to report to the Board following each meeting of the Risk Management Committee on the results of the Committee's review of risk management and internal control systems. The Risk Management Committee must inform the Board of any matter which may significantly impact upon the Company in a timely manner.

The Risk Management Committee is to report to the Board, at least quarterly, on the following matters:

- a. all matters relevant to the Risk Management Committee's role and responsibilities as set out in this Risk Management Committee Charter;
- b. its review of the Company's risk management framework;
- c. the results of the Risk Management Committee's review of this Risk Management Committee Charter;
and
- d. comment on the Risk Management Committee's operation and composition.

7. Review of Charter

The Risk Management Committee will review this Risk Management Committee Charter at least annually, and update it as required.

Risk Management Committee Charter – Annual Action Points

Risk management

- Evaluate the adequacy and effectiveness of the Company's risk management framework.
- Identify material changes to the Company's risk profile, including any material exposure to environmental or social risks.
- Manage the process of identification and assessment of any material risks that may impact the Company.
- Ensure adequate disclosure of material business risks is included in the Annual Financial Report.
- Ensure that a regular program of audit is undertaken to test the adequacy of, and compliance with, prescribed policies and procedures.
- Formulate an action plan to address areas of perceived risk and monitor implementation programs.
- Review and make recommendations on the strategic direction, objectives and effectiveness of the Company's risk management policies.
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage risks.

Internal communications and reporting

- Provide the report described in clause 6 of this Risk Management Committee Charter.
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

Other

- Verify the composition of the Risk Management Committee function is in accordance with the Risk Management Committee Charter.
- Review and update the Risk Management Committee Charter and Action Points.